

**Royal Automobile Association
of South Australia Incorporated**

ABN 90 020 001 807

RAA Insurance Limited

ABN 14 007 872 602

RAA Insurance Holdings Limited

ABN 52 008 210 062

Joint Modern Slavery Statement

Under the *Modern Slavery Act 2018 (CTH)*

November 2020



PART ONE

Mandatory Reporting Requirements

1. Royal Automobile Association of South Australia Incorporated (“RAA”) is a reporting entity under the Modern Slavery Act 2018 (Cth) (“the Act”). RAA Insurance Limited and RAA Insurance Holdings Limited are wholly owned subsidiaries of RAA.
2. This Part provides a key overview of each of the mandatory reporting entities under the Act, which are further expanded upon throughout each of the subsequent sections of the Statement.

Identify the reporting entities

3. Royal Automobile Association of South Australia Incorporated - ABN 90 020 001 807 (RAA)
RAA Insurance Limited - ABN 14 007 872 602
RAA Insurance Holdings Limited - ABN 52 008 210 062

Describe the reporting entity’s structure, operations and supply chains

4. RAA is a mutual service organisation, the activities of which are governed by the RAA Constitution and by the Associations Incorporation Act (SA) 1985 (as amended). RAA is governed by a Board of non-executive Directors, elected by RAA members, and a Managing Director, appointed by the Board.
5. RAA Insurance Holdings Limited is wholly owned subsidiary of RAA and holds all of the issued shares in RAA Insurance Ltd (together RAA Insurance). RAA Insurance is regulated by Australian Prudential Regulation Authority (APRA) and holds an Australian Financial Services Licence. RAA Insurance has a separate Board (with a majority of common directors from the RAA Board). RAA Insurance issues and administers insurance products including management of claims. The RAA provides shared services to RAA Insurance including Information Technology, People and Environment, Procurement, Marketing, Investments and Product Distribution.
6. RAA’s been around for more than 117 years, and we take pride in providing quality motor, home and travel services to our members in South Australia and Broken Hill, including retail general insurance products and roadside assistance services.
7. The following is a snapshot of our business during the subject reporting period:
 - a. Membership numbers in excess of 756,000
 - b. A total workforce of more than 1,000 South Australians
 - c. Over 70,000 settled insurance claims, with \$236 million paid out to our members
 - d. Over 340,000 road service callouts
 - e. More than 13,000 driver education lessons
 - f. Comprehensive retail travel services, including over 38,000 travel bookings over the subject reporting period, notwithstanding the massive disruption of the COVID-19 pandemic
 - g. Strong relationships with our trusted network of more than 407 independent RAA Approved Repairers
 - h. Introduced a COVID-care program, reaching out to more than 12,500 members between April to June 2020

8. January 2020 saw our expansion into the home energy sector with the launch of a solar and battery systems product. We see this as an exciting opportunity to be part of the growth of renewable, sustainable energy solutions in Australia. However, in the modern slavery context, we also recognise that this presents a new area of complex supply chains, including the sourcing of raw materials and other physical products, which requires careful due diligence action.
9. Since launching our solar and battery business operations, RAA has helped more than 100 local residents satisfy their solar and battery needs, with members trusting us to simplify what is often a complex decision. RAA's systems include energy monitoring, showing the amount of electricity being generated and consumed in real time to help members maximise their savings. Our expansion into solar energy included becoming a qualified system provider of the State Government's home battery scheme, and an approved solar retailer of the Clean Energy Council. Although this is still in pilot phase, any expansion will include the development of a specific modern slavery due diligence strategy for this project.
10. Our offices and facilities also include:
 - a. Head office at 101 Richmond Rd, Mile End, SA 5031
 - b. RAA Shops, offering retail services and products at 18 different locations.

Describe the risks of modern slavery practices in the operations and supply chains of the reporting entity and any entities it owns and controls

11. As a provider of domestic motor, home and travel services generally within the South Australian marketplace (and Broken Hill), our day-to-day operations are quite distant from recognised modern slavery 'hotspots' - such as raw materials intensive industries, or low-value products with international manufacturing and sourcing aspects. Our risk assessment and due diligence activities to date have not uncovered any actual incidents of modern slavery in our supply chains or operations.
12. However, we fully acknowledge even though our operations are generally limited to South Australia (and Broken Hill), that modern slavery risks are still present throughout our supply chains, especially in the areas we have identified for heightened focus over upcoming reporting periods. We recognise that, in accordance with the spirit of the Act, a commitment to vigilant assessment, due diligence, and remediation is an ongoing one.
13. RAA has carried out a comprehensive modern slavery risk assessment for the subject reporting period. Detailed analysis by external subject matter experts has been carried out in relation to available spend data for our operations, including our insurance business activities.
14. Based on our comprehensive risk assessment it is evident that those supplier types posing the most elevated risks of modern slavery are still a relatively low modern slavery footprint and exist deep into the supply chain.
15. We recognise that a complex network of issues interact to create potentially increased modern slavery risk, including:
 - a. total supplier spend amount (i.e. the value of our direct supplier contracts);
 - b. industry category, including the industries that, in turn, feed into particular categories further down the supply chain pipeline;
 - c. geographic area of operation; and
 - d. depth or 'tiering' within the supply chain(s) - e.g. 3rd tier supplier, 5th tier supplier, etc

16. The highest relative slavery risk occurs at the 3rd and 4th tiers (for insurance supply chains) and 2nd – 4th tier for our other operational supply chains. This is the case even though the relative spend amount by those supplier levels is greatly diminished. This placement confirms that the most elevated relative slavery risk is well beyond first tier suppliers with whom we have a direct contractual relationship. This has greatly informed our planned strategy for future effective modern slavery due diligence and remediation action because it confirms that something more in-depth than merely monitoring our direct suppliers and their direct activities is required to achieve a truly holistic response. We are committed to doing so. In short, we recognise that effective remediation action cannot only occur through adjustments and vigilance in relation to direct supplier relationships.
17. Our risk analysis indicates that existing supply chains with components in India (for insurance supply chains and other operational supply chains) and China, Pakistan, Papua New Guinea and Ethiopia (for other operational supply chains) posed the highest relative slavery risk.
18. Some of the identified domestic industry categories that feature most prominently in our first tier (which are all very low-risk in the immediate tiers but pose potential risks deeper in their own chains) include:

Operational supply chains

- a. Business services (including market research and business management)
 - b. Advertising services
 - c. Retail trade
 - d. Finance and investment services
 - e. Computer and technical services
 - f. Electrical equipment – including security and investigation services
19. Clearly, all of the above industry categories are ones that are heavily dominated by tertiary-educated, highly skilled professionals.
 20. Such a workforce is far less likely to be the direct victims of modern slavery, particularly when located within Australia (as is the case with the overwhelming component of our direct suppliers).
 21. We also undertook a risk assessment using the same methodology of all of our insurance claim categories. From this risk assessment we identified that the highest risk of modern slavery in our insurance claim categories were as follows:
 - a. Motor comprehensive car insurance claims;
 - b. Home and contents insurance claims; and
 - c. Caravan insurance claims.
 22. As with all of the modern slavery risk assessments that we performed, this strongly indicates that, in order to develop an effective, long-term modern slavery response, there is a need for visibility and influence beyond the direct contractual relationships that we have with our suppliers.
 23. In relation to our insurance supply chains, noting that we provide a full range of retail general insurance products, the assessed risk was very low. Nonetheless, within our insurance product range, we identified insurance supply chains relating to motor vehicle repairing and, to a lesser extent, residential buildings, as posing the most elevated relative slavery risk.

24. RAA sees the results of this analysis as strongly supporting the following two focus areas that we have identified for upcoming reporting periods. We have concluded that a targeted approach is the most effective way of achieving meaningful impact, particularly given that our overall relative slavery risk has been assessed as being so low.
25. First, we recognise that there is a need to carefully consider the modern slavery implications, particularly in the higher tiers, as we expand our recently launched domestic solar and battery system offering. Modern slavery issues relating to the sourcing of raw materials and minerals for advanced technologies, including lithium batteries, have been well documented. RAA acknowledges that advancing positive environmental sustainability outcomes should not come at the cost of an increased modern slavery risk.
26. Second, the results of our insurance supply chain analysis and our strong partnership with over 400 trusted auto repairers, both indicate that there is an ideal opportunity for consultation and increasing awareness within this extensive network. We see this as an opportunity to achieve meaningful change, particularly in the supply chains of auto parts and consumables, many of which have high overseas manufacturing and raw materials components.
27. Further details of the methodology and technology, through external subject matter experts, that we have deployed for our modern slavery risk assessment is set out in the Appendix to this Statement.

Describe the actions taken by the reporting entity and any entities it owns or controls to assess and address these risks, including due diligence and remediation processes.

28. The RAA Group is committed to carrying out targeted steps to address identified modern slavery risks, to both improve our internal approaches, and increase our positive external impact.
29. Within the RAA Group, we have used this inaugural reporting period to focus on the following areas:
 - a. Baseline supply chain mapping to provide a comprehensive picture of the areas of potentially elevated modern slavery risks (Initial Risk Assessment process)
 - b. The development of comprehensive Policy and Internal Governance updates; and
 - c. Education and awareness-raising efforts

Comprehensive Policy and Internal Governance updates

30. RAA believes that a detailed and robust internal governance framework is an important foundational step in practically addressing corporate social responsibility issues, including an effective modern slavery response.
31. We are committed to upholding the human rights principles contained in:
 - a. The International Bill of Human Rights
 - b. The International Labour Organisations (ILO) Declaration on Fundamental Principles and Rights at Work;
 - c. United Nations Guiding Principles on Business and Human Rights;
 - d. United Nations Sustainable Development Goals.

32. As a result, we have carried out a comprehensive update of our internal governance framework to ensure that modern slavery issues are specifically addressed. This process has included:
- a. Updating our existing Procurement Policy, including through the addition of express requirements that, in order to qualify as one of RAA's Preferred Suppliers, an entity must:
 - i. Undergo (initially and upon periodic review), a Modern Slavery Risk Assessment that develops an evaluation for the supplier's commitment to and capacity for assessing and addressing modern slavery risk in its business operations and supply chains, including completion of a Supplier Self-Assessment where deemed appropriate
 - ii. Have a current binding contract in place incorporating the usual contractual terms required by RAA Group and including modern slavery related provisions
 - iii. Acknowledge, and agree, and abide by the RAA Supplier Code of Conduct and such other RAA Group policies and procedures as appropriate to that supplier
 - b. The development and process for implementation of a detailed Supplier Code of Conduct to address Modern Slavery
 - c. The development and implementation of a supplier contract checklist whereby review of supplier contracts by RAA is required, with modern slavery issues identified and actioned as part of that supplier contract review;
 - d. The review of RAA's Investment Policy.
 - e. Procedure to facilitate practical steps for the reporting and investigation of any suspected breach

Education and awareness raising efforts

Internal training on the new Procurement Framework and Policy has occurred, and modern slavery education initiatives have been introduced, at high level, to all Managers and above as part of this rollout. In addition, we are currently preparing a more detailed online training module on Modern Slavery for distribution to all employees at a Manager level or above. We propose mandatory completion of this training within FY2021. The online training module has been prepared by our external modern slavery consultants and will cover the following areas:

- Compliance and reporting obligations under the Act;
- Types of modern slavery is and what it entails;
- The risk factors increasing the potential for modern slavery;
- Our responsibilities relating to modern slavery;
- The incidence of modern slavery in Australia;
- How to identify the existence of modern slavery; and
- Transparency within our supply chains and operations.

Participants will be required to undergo an assessment to test their understanding of Modern Slavery at the end of the module

33. RAA Group is committed to engaging in its direct business relationships in a manner that, as far as reasonably practicable, promotes human rights and addresses modern slavery risk within the supply chains and operations in those organizations also.
34. We have also updated our external supplier agreements for goods to include an express provision relating to modern slavery issues, which requires the other contracting party:
- a. to warrant and undertake that it conducts its business in a manner that is consistent with the principles of the Modern Slavery Act 2018 (Cth)
 - b. to confirm that neither the contractor nor any of its personnel, suppliers, or sub-contractors have been convicted of any offence involving modern slavery;
 - c. to make reasonable enquiries, to the best of its knowledge, to confirm that it has not been

- the subject of any investigation, inquiry or enforcement proceedings by any governmental, administrative or regulatory body regarding any offence or alleged offence of or in connection with modern slavery; and
- d. to implement due diligence procedures for its own suppliers, subcontractors and other participants to ensure that there is no Modern Slavery in its supply chains.

Describe how the reporting entity assesses the effectiveness of these actions

35. RAA recognises that, as addressing modern slavery within private business structures is a relatively recent feature of the good corporate citizenship landscape, it is crucial to closely assess the actual impact of implemented measures to ensure that they represent the best deployment of effort and resources.
36. In order to achieve this, we are in the process of developing a comprehensive framework to assist in measuring effectiveness as part of our modern slavery response.
37. Key features of that Framework will include:
- a. Making available to RAA's network of auto part suppliers modern slavery awareness-raising communication and education materials.
 - b. Increase in the number of RAA employees that undertake modern slavery training.
 - c. Formation of a Modern Slavery working group that reports directly to the compliance and risk committee and provides a biannual report.
 - d. The implementation of modern slavery risks into the internal auditing process.
 - e. The implementation of modern slavery into the roll out of RAA's new procurement process.

Describe the process of consultation with any entities the reporting entity owns or controls

38. The RAA Group wholly owns and controls RAA Insurance Holdings Limited (which wholly owns RAA Insurance Ltd) which operates the insurance business. The Risk and Compliance Committee for RAA Group and RAA Insurance considered the approach of the RAA Group and its entities to Modern Slavery.
39. Comprehensive consultation on modern slavery issues has occurred within key areas of operations at RAA, including Investments.
40. In relation to its Investments RAA adheres to the Principles of Responsible Investment. Accordingly, there has been consultation between RAA's operational teams with RAA's investment teams to ensure that the risks of modern slavery are addressed in RAA's investment. RAA's operational team is working closely with RAA's investment team to ensure that modern slavery risks are identified and considered in the investment process.

Any other relevant information – Impact of the COVID-19 pandemic

41. RAA recognises the increased risk of modern slavery on vulnerable groups as a result of the COVID-19 pandemic. This was especially relevant to the tender process that RAA took for cleaning services during the pandemic. RAA addressed this risk by ensuring that due diligence was undertaken on all organisations that submitted a proposal for cleaning services and that modern slavery was addressed throughout this tender process.

APPENDIX

Initial Risk Assessment Results

Methodology Summary

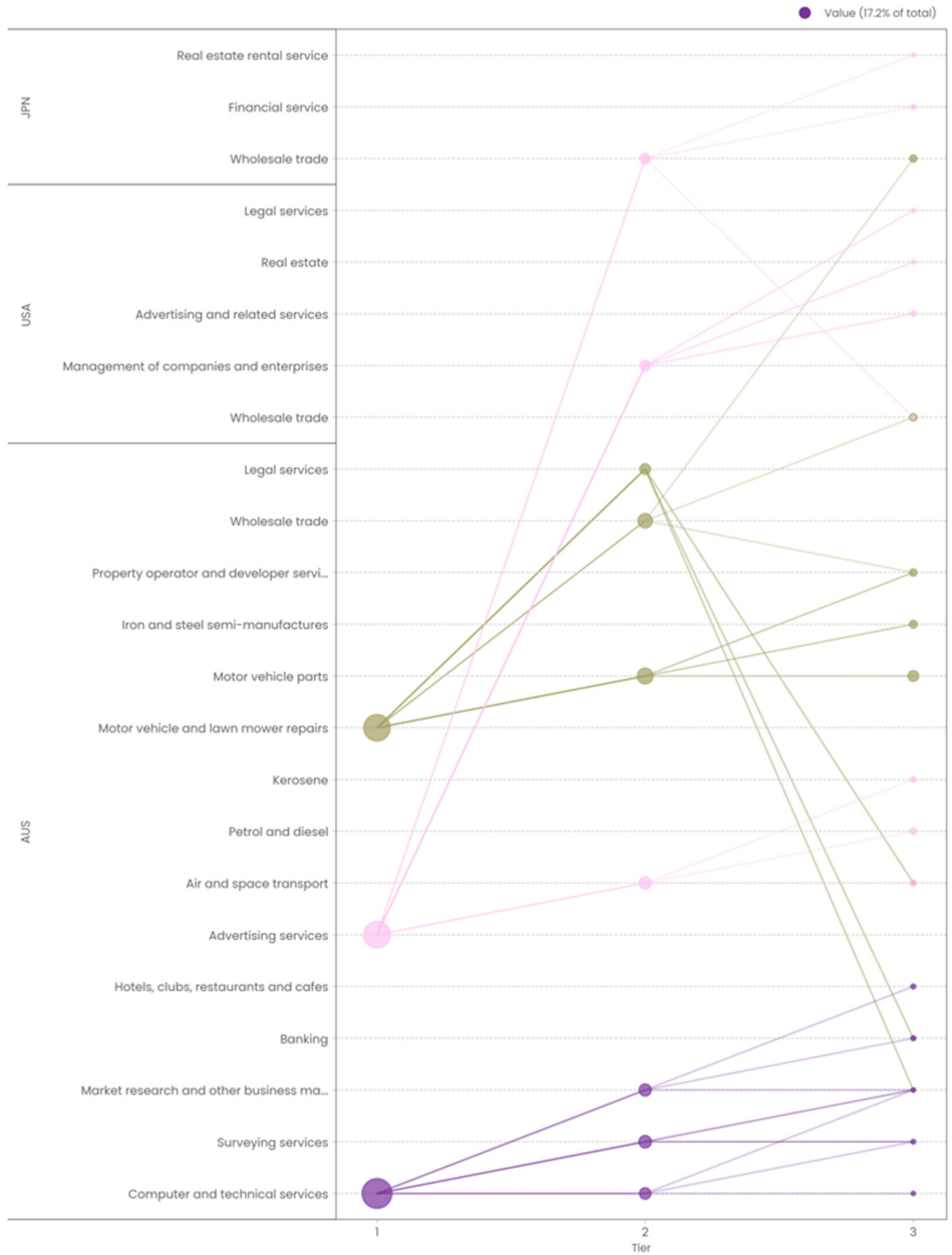
42. RAA carried out an initial risk assessment to identify the elevated areas of modern slavery risk in our supply chains. This baseline exercise provides the foundation for our subsequent focus for ongoing due diligence and remediation activities across not only the present reporting period but for upcoming years.
43. Incorporating company spend data throughout global markets, we have utilised external consultants with proprietary technology to trace the economic inputs required to produce products and services sourced from Tier 1 suppliers to Tier 2 suppliers, Tier 2 suppliers to Tier 3 suppliers, and so on, all the way to Tier 10 suppliers in the supply chain of RAA's top 500 suppliers by spend.
44. This supply chain mapping was performed using a balanced, global Multi-Regional Input-Output (MRIO) table which links supply chain data from 190 countries, and in relation to 15,909 industry sectors. This MRIO table is assembled using the following sources:
 - i. The United Nations' (UN) System of National Accounts;
 - ii. UN COMTRADE databases;
 - iii. Eurostat databases;
 - iv. The Institute of Developing Economies, Japan External Trade Organisation (IDE/JETRO); and
 - v. Numerous National Agencies including the Australian Bureau of Statistics.
45. The MRIO is then examined against the following international standards:
 - i. The UN Guiding Principles on Business and Human Rights;
 - ii. The Global Slavery Index;
 - iii. International Labour Organisation (ILO) Global Estimates of Modern Slavery; and
 - iv. The United States' Reports on International Child Labour and Forced Labour.

A proprietary algorithm has then been applied to synthesise publicly available risk data against the exclusively licensed MRIO table. The result of this process is the creation of a modern slavery risk profile to Tier 10 for each supplier for RAA.

46. The information obtained in the Initial Assessment was for purposes of risk identification under Section 16(1)(c) of the MSA. No information confirms the actual existence or non-existence of slavery in RAA's supply chains or operations. Analysis was undertaken at the industry and country level. It does not account for variances at the entity, region or product level.
47. A summary of the results of some of the data analysis and other key components of the Initial Assessment is set out below.
48. The multi-faceted approach to the modern slavery risk assessment that we have undertaken has included examination and analysis of the following:
 - a. The individual suppliers and industries with the most elevated risk of modern slavery
 - b. Supply chain plots to provide a visual representation of the supply chain for RAA's top 3 first tier industries

- c. Plotting the relative slavery risk in the supply chain by tier, up to tier 10
 - d. Geographical depiction of the cumulative risk of modern slavery across the supply chain around the world
 - e. An overview of the classification of the first tier of our supply chain by country and industry, including relative modern slavery risk
49. The top 50 suppliers in our supply chains that posed the highest relative risks in relation to modern slavery were identified. These ranged widely from various professional services firms (where the elevated risk lies deep within that own organisation's supply chains), commercial real estate services, information technology industries, and optical products manufacturers. We also analysed the risk of modern slavery in all of our insurance categories. The risks identified in those insurance claim operations are set out above.
50. The plots on the following page depict the supply chains of the industries in the first tier of our supply chain. The graph represents only a segment of the complete value chain mapped by our algorithm from which the risk values were derived. The 'Value' and 'Slavery risk' percentages indicate the percentage of the total value chain, and the industries and tiers that appear on the plot represent the relative slavery risk. The size of the hollow circles is proportional to the estimated relative slavery risk at the given industry and tier based on the value shown in the plot :

Supply Chain



51. The following plots indicate the tier of our supply chain where the greatest relative risk of modern slavery has been estimated to occur:

Supply Chain

